CBI
Ministry of Foreign Affairs

CBI Trade Statistics:

Timber in Europe

Introduction

Demand for tropical timber products, as measured by the number of cubic metres imported, has fallen over the past five years as a result of the economic recession in Europe. Interestingly enough, however, the **value** of these imports has risen over the same period. The economic recovery that is taking place will continue in 2016 and beyond, and will have a positive impact on the timber market in the EU. Demand for verified sustainable tropical timber is expected to be stronger in countries like the UK, Belgium and the Netherlands, where sustainable procurement policies and stringent regulations are in place.

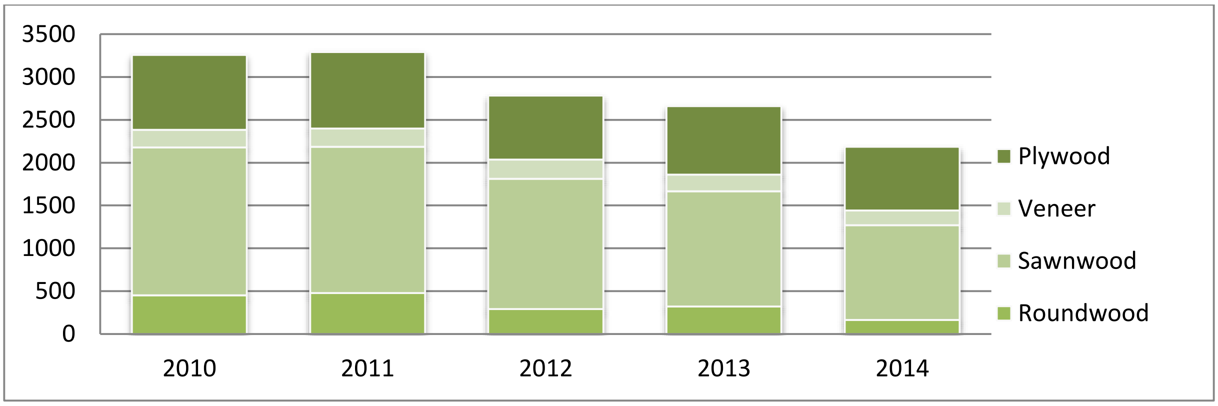
Imports

Import volumes fell from 3.2 million m^3 in 2010 to 2.1 million m^3 in 2014. Nevertheless, the value of imports rose from € 4303 million in 2013 to € 4681 million in 2014. The latest reports of the International Tropical Timber Organisation ITTO (dated Sept. 2015) show a 6% increase in the volume of sawn wood imports for the first half of 2015. The biggest importer of tropical timber for the past five years has been France, followed by Belgium, UK, and the Netherlands.

This section presents data on the imports of tropical timber products into the EU. Figures are derived from ITTO-UNCTAD and Eurostat. ITTO provides data on tropical timber **volumes**, but does distinguish between the supplying countries. This means that intra-EU trade (trade between EU countries) is included. Eurostat provides data on **values**, but does not always distinguish between tropical and non-tropical timber. However, Eurostat provides information on different timber product groups and on the developing countries that supply these products. Hence, combining data from both databases can give a more complete picture of trends in the European imports of tropical timber and timber products.

Figures 1 and 2 provide ITTO import data on the 4 major primary timber products in **cubic metres**. Import data **include** intra-EU trade, which is substantial for some products. For example, 49% of plywood imports by EU countries in 2014 were intra-EU trade. The corresponding figure for veneer was 74%, for sawn wood 20% and for round wood 80%. These percentages have remained fairly stable over the past 5 years. Figure 5, which excludes intra-EU trade, shows the same basic trend.

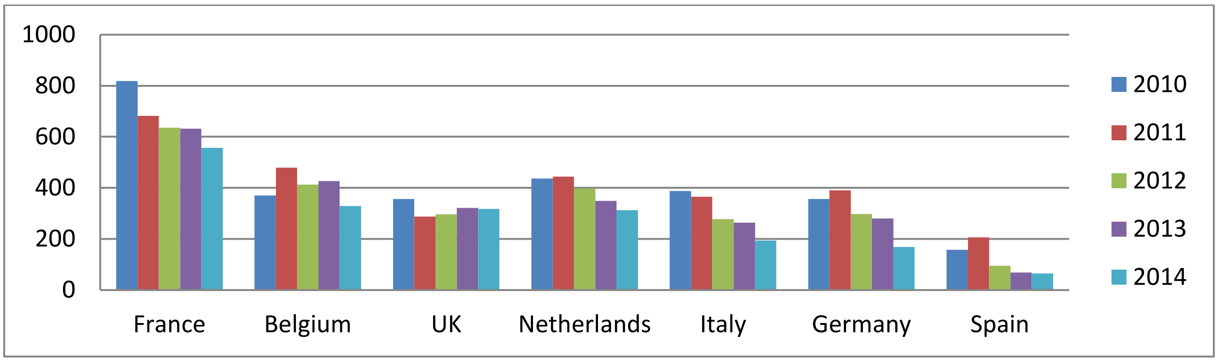
Figure 1: EU imports of tropical timber, 2010-2014, in 1,000m3



Source: ITTO (2015)

Figure 2 shows combined import data on the 4 major primary timber products for each country. For example, the total figure for France is made up of 60% sawn wood, 20% plywood, 10% round wood and 10% veneer. The corresponding figures for Belgium are 75% sawn wood, 10% plywood, 5% round wood and 10% veneer; for the UK 45% sawn wood, 55% plywood and 5% veneer; and for the Netherlands 50% sawn wood, 40% plywood and 10% veneer.

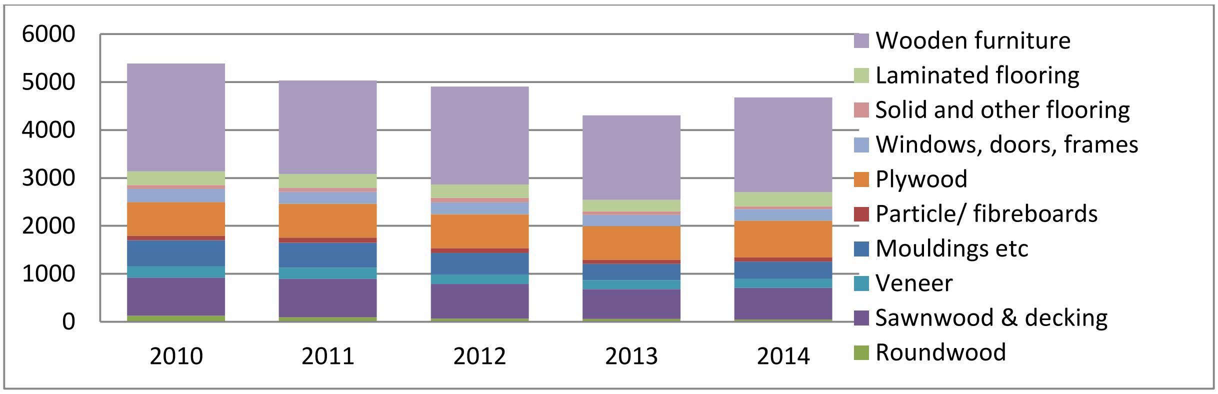
Figure 2: Leading EU importers of tropical timber and timber products, 2010-2014, in 1,000m3



Source: ITTO (2015)

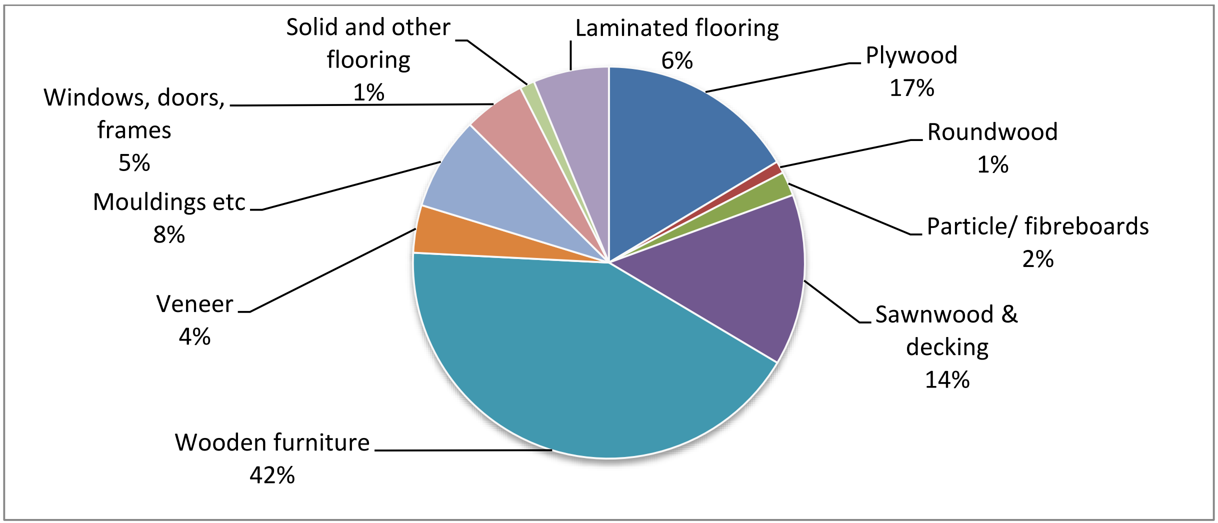
Figures 3 and 4 provide Eurostat data on import **values** for 10 product groups, including the 4 primary ones featuring in Figures 1 and 2. Intra-EU trade is excluded, because these figures represent combined data from 55 tropical developing countries (DCs) only. However, even when intra-EU trade is included the trend remains the same over the past 5 years. The product group "wooden furniture" includes garden furniture and some household furniture (but not bedroom and office furniture). Garden furniture cannot be extracted from the data as it is not specified as a separate HS (statistical) code. The product group "Mouldings" also includes stairs and stair parts, cladding, general components, furniture components and decorative mouldings.

Figure 3: Tropical timber and timber product groups imported into the EU/EFTA 2010-2014 in € x 1,000,000 from 55 developing countries*



** ANGOLA, ARGENTINA, BANGLADESH, BELIZE, BOLIVIA, BOTSWANA, BRAZIL, BURKINA FASO, CAMBODIA, CAMEROON CENTRAL AFRICAN REPUBLIC, CHINA, COLOMBIA, CONGO, COSTA RICA, COTE D'IVOIRE, CUBA, ECUADOR, EL SALVADOR, EQUATORIAL GUINEA, ERITREA, ETHIOPIA, FRENCH GUIANA, GABON, GAMBIA, GHANA, GRENADA, GUATEMALA, GUINEA, GUYANA, HONDURAS, INDIA, INDONESIA, KENYA, LAOS, MADAGASCAR, MALAYSIA, MALI, MYANMAR (BURMA), NICARAGUA, NORTH VIETNAM, PAKISTAN, PANAMA, PARAGUAY, PERU, PHILIPPINES, SINGAPORE, SOUTH AFRICA, SRI LANKA, SURINAME, THAILAND, UGANDA, URUGUAY, VENEZUELA, VIETNAM.*
Source: Eurostat (2015)

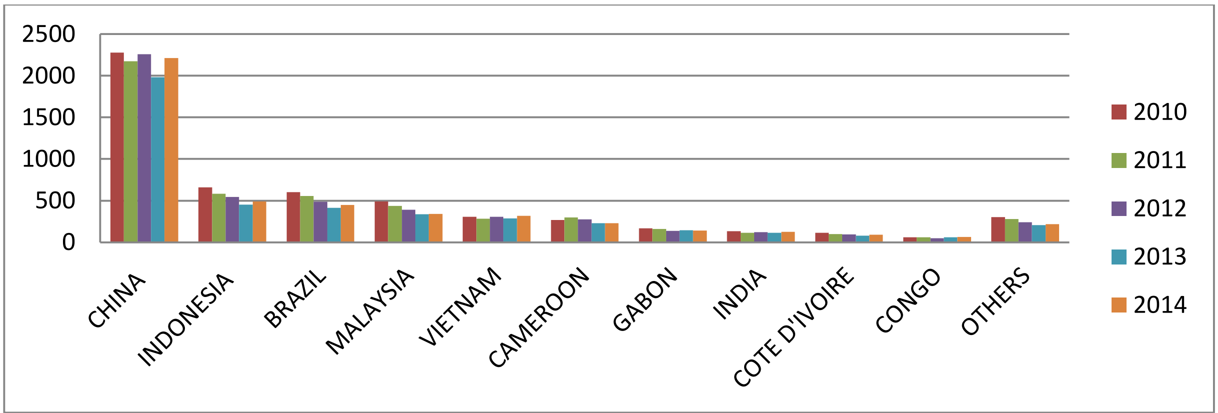
Figure 4: Share of tropical timber and timber product groups imported into the EU/EFTA in 2014 from 55 developing countries.



Source: Eurostat (2015)

Figure 5 presents combined data on all 10 identified product groups for the main DC suppliers. The category "others"' includes combined data for all countries not shown separately in this figure.

Figure 5: Leading DC suppliers of tropical timber and timber products to the EU/EFTA, 2010-2014, in € x 1,000,000



Source: Eurostat (2015)

Figure 6: Percentage changes in value between 2013 and 2014 for 10 product groups imported into the EU/EFTA from 55 source countries

	Roundwood	Sawnwood & decking	Veneer	Mouldings etc	Particle/ fibreboards	Plywood	Windows, doors, frames	Solid and other flooring	Laminated flooring	Wooden furniture	Total 45 countries export to EU
%	-27	6	1	5	-1	9	2	-21	17	11	8

Source: Eurostat (2015)

Imports: lower volumes but higher values

- The economic downturn in Europe affected the **volume** of timber and timber products imported during the period 2010 to 2014. Volumes went down from 3.2 million m^3 in 2010 to 2.1 million m^3 in 2014. However, the latest ITTO reports (dated Sept. 2015) suggest that the upturn may already have started, as indicated by the 6% rise in the volume of sawn wood imported during the first half of 2015. Most EU importers are cautiously optimistic about 2016. They expect their sales of tropical timber to either remain at the same level or to increase somewhat compared with the past few years. They also expect the construction sector to start ordering more building materials in the second half of 2016 (Source: feedback from 17 importers during meetings and online questionnaire 2015).
- The **value** of imports rose from € 4,303 million in 2013 to € 4,681 million in 2014. As indicated in Figure 6, most of the 10 product groups show an increase apart from round wood and solid flooring.
- The weakness of the Euro on international currency exchanges also means that the value of imports has risen more rapidly than their volume, since the Euro price of imported products tends to be higher. The increase in the overall value of EU timber imports was thus mainly due to rising timber prices over the years. For example, kiln-dried sawn wood now costs on average 17% more than it did in 2013 (Source: ITTO/FSG, Sept. 2015).
- Exports of round wood have generally been falling over the years because of stricter regulations in source countries (they prefer to export timber products, allowing them to keep the added value in their own country, which makes economic sense).
- Solid flooring is gradually being replaced by laminated flooring; the resulting drop in the volume of solid flooring exports was thus to be expected.
- The decrease in consumption of timber products due to the downturn in public spending and the construction industry resulted in lower demand for timber and hence a significant drop in European imports.
- Data on intra-EU trade in 2014 show that 49% of plywood was imported from other EU countries. The corresponding figure for veneer was 74%, for sawn wood 20% and for round wood 80%. This means on average that 56% of all EU imports of timber and timber products came from other EU countries, the remaining 44% coming directly from developing countries.
- The biggest importer of tropical timber over the past five years has been France, followed by Belgium, the UK and the Netherlands.
- France is the largest European market for tropical timber, and despite the significant drop in imports between 2010 and 2014 it continues to be the most interesting market for exporters.
- As regards the value of timber and timber products imported into the EU, wooden furniture holds the top spot in European preferences with 42% of all imports, followed by plywood (17%), sawn wood (14%), mouldings (8%) and laminated flooring (6%).
- Laminated flooring, on the other hand, shows the biggest increase in value over the past year (+17%), followed by wooden furniture (+11%) and plywood (+9%).
- China has been the biggest supplier country for the past five years, exporting tropical timber worth almost € 2,214 million to Europe. China does not grow tropical timber itself, but re-exports processed products into the EU.
- Other major suppliers of tropical timber to Europe include Indonesia, Brazil, Malaysia and Cameroon, though the value of the timber they supply is much less than that of the Chinese exports. However, the value of the imports from these countries has risen over the past year.

Tips:

- Select the most suitable importing countries and the most popular product groups on the basis of your own capacity and the available trade statistics. Consult the CBI Product Factsheets if you need to know more details about certain products and countries.
- Competition from developing countries on the tropical timber market is quite high. Make sure that you stand out from the crowd by offering added value, for example in the form of sustainable and innovative timber products.
- This trade channel is host to a variety of different players. Base your choice of a European importer on the size of your company, your sales strategy and your product range. Consult the CBI Market Channels & Segments factsheet for further information.
- Find more information on FORDAQ (online platform for wood professionals).

Exports

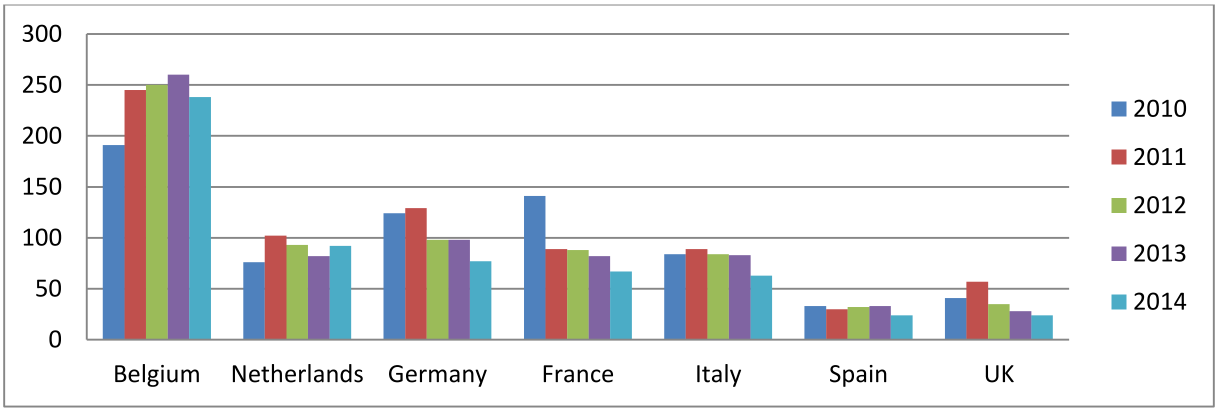
The volume of European re-exports in this market showed only moderate fluctuations in the period 2010 – 2014, but the value of exports rose over the past year. Belgium is the leading European re-exporter, with an export volume of 238,000 m^3 or almost 40% of the European total in 2014.

The data presented below show the exports of tropical timber products from the EU as well as their destination. Figures are derived from the ITTO-UNCTAD database and provide quantitative information. As tropical timber is not produced in Europe, all exports from the EU are in fact re-exports of unprocessed timber or processed products that were previously imported into Europe.

Figure 7: Volume of tropical round wood, veneer, sawn wood and plywood exported from the EU/EFTA, 2010-2014, in m3 x 1,000

Source: ITTO database (2015)

Figure 8: Leading EU re-exporters of tropical timber, 2010-2014, in m3 x 1,000



Source: ITTO database (2015)

Exports: still strong intra-EU trade, but growing re-exports to emerging markets

- The **volume** of European re-exports of the 4 major primary timber products groups fluctuated moderately in the period 2010-2014, amounting to almost 648,000 m^3 in 2014. The statistics show a general slight rise between 2009 and 2011 and a slight drop since then, thus following the main import volume trend.
- Nevertheless, the **value** of exports increased from € 2,281 million in 2013 to € 2,404 million in 2014 according to Eurostat.
- The main destinations of the European re-exports were other mature markets in the European Union.
- With exports amounting to 238,000 m^3, Belgium accounts for almost 40% of Europe's re-exports, making this country the leading trade hub for tropical timber and timber products in the EU. It is followed, in decreasing order of importance, by the Netherlands, Germany and France.
- Intra-EU trade accounts for 85% of total EU re-exports in 2014, with only 15 % going to other mature markets and developing countries. The percentage of re-exports showed only slight variations in previous years (83% in 2012, 85% in 2013).

- However, re-export to some non-EU countries has been growing strongly in recent years, with Hong Kong (+49% during 2014), Mexico (+44%), Japan (+34%) and China (+33%), all in the same year, confirming the response of European countries to emerging regional markets (Eurostat, 2015).

Tips:

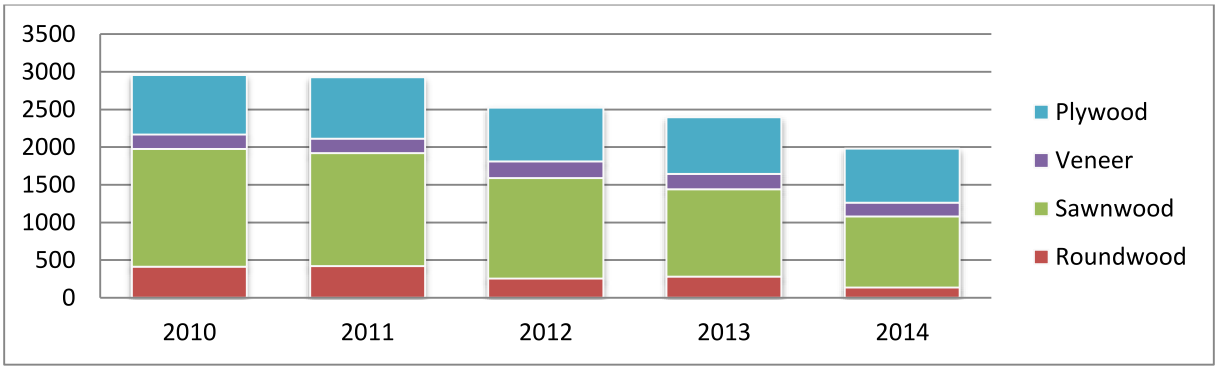
- Consider focusing on trade hubs such as Belgium in order to reach your target market indirectly through re-exports.
- Use one central point of entry in Europe that can offer professional container and reefer services, such as the ports of Rotterdam and Antwerp.
- Keep up to date on the emerging markets outside Europe, especially those located in your region. This can help you spread your risks by diversifying your markets and offerings, as well as increasing your learning and experience in marketing. You may also try to approach these markets directly.

Consumption

As economic conditions are improving, consumption of tropical timber and timber products is expected to pick up again in the coming years; economic indicators are already predicting improvements in 2015. The largest market for tropical timber and timber products in the EU in 2014 was France, followed by the UK and the Netherlands.

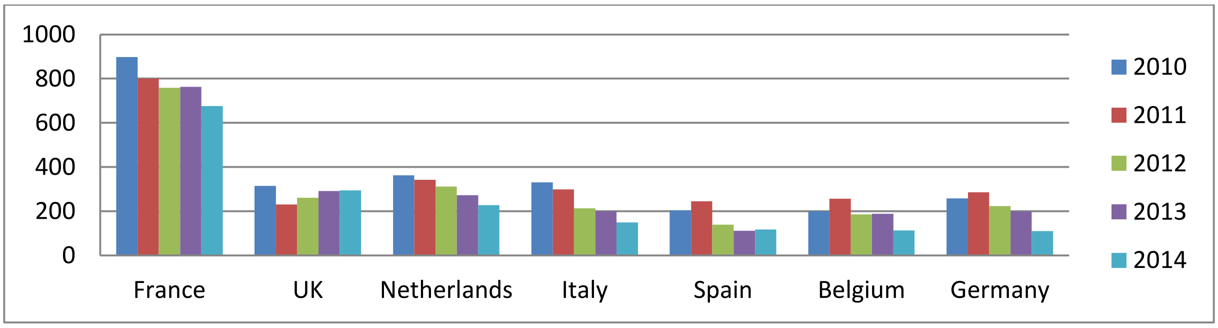
This section provides information on the consumption of tropical timber in the EU. Figures are derived from the ITTO-UNCTAD database, which supplies data on the annual consumption of timber products per country.
N.B.: Apparent consumption is defined as Production + Imports – Exports.

Figure 9: Volume of tropical round wood, veneer, sawn wood and plywood consumed in the EU, 2010-2014, in m3 x 1,000.



Source: ITTO database (2015)

Figure 10: Leading EU consumers of tropical timber, 2010-2014, in m3 x 1,000.



Source: ITTO database (2015)

Consumption: Economic recovery but trade is still down

- As economic conditions are improving, the consumption of tropical timber and timber products is expected to pick up again in the coming years. After the economic crisis, economic indicators are predicting improvements in 2015.
- This is a welcome development, which will affect all segments of the timber market including private and public construction as well as wooden consumer products such as wooden furniture. However, caution is called for when

making consumption forecasts since consumer confidence is still fragile and fluctuations exist within various European countries.

- The economic downturn in Europe resulted in an overall drop in the consumption of tropical timber to almost 2.0 million m^3 in 2014. The economic crisis gave rise to a slowdown in public spending and consequently in the public construction of offices and other buildings.
- The economic downturn also led to a drop in private spending including private spending on construction and house renovation, as well as on indoor and outdoor furniture. Finally, consumers have been switching to other, often cheaper, alternatives to tropical timber.
- France was the biggest market for tropical timber and timber products in the EU in 2014, followed by the UK and the Netherlands. Consumption in France has dropped significantly in the past 5 years, from 898,000 m^3 in 2010 to 676,000 m^3 in 2014. Thus, the economic recovery has not yet led to increased consumption.
- Sawn wood and plywood are the most popular timber products on the European market, followed by round wood and veneer. However, veneer consumption has dropped significantly due to competition from imitation veneers and other finishes.

Tip:

- Keep up to date **on trends** in the construction industry, particularly in the leading EU countries, as they will determine the future development of the European market as a whole.

Shift to sustainable consumption

- Despite the drop in the overall consumption of tropical timber, interest in sustainably and verified legally sourced timber is growing, as reflected by an increase in sales.
- European consumers are becoming increasingly concerned about the impact of their choices on the environment. This has led to a growth in the demand for ethically sourced wooden products – but ones that are still competitively priced.
- These pressures have led governments to take various initiatives and enact regulations to ensure that tropical timber products imported in the EU are being ethically sourced.
- The Dutch market for tropical timber is a successful example of growing sustainability. As an indicator, it may be mentioned that the percentage of certified tropical sawn wood sold in the Dutch market has increased significantly from 9% in 2005 to 56% in 2015, according to the Association of Dutch Timber Dealers (VVNH, 2015).
- The EU Timber Regulation (EUTR) which came into effect in 2013, was introduced to prohibit the sale of illegally harvested tropical timber on the European market. There are indications that importers are shifting to lower-risk sources, favouring timber from verified legal and sustainable sources (VVNH, 2015). However, there is a clear time lag between the enforcement of EUTR and the documentation of significant shifts from high to low-risk timber sources (Houtwereld News, 2015).
- The governments of a number of EU Member States, such as the Netherlands, UK, Germany and France, have introduced sustainable procurement policies in response to the growing public demand for sustainable tropical timber.
- Purchasing a significant proportion of sustainably sourced timber exerts substantial influence on the market, affecting the consumption patterns of public sector organisations. However, some countries such as Portugal, Italy and Ireland have not yet introduced sustainable procurement policies.

Tips:

- European consumers are increasingly in favour of sustainability and the legal sourcing of timber. In the case of tropical timber, this leads to a call for more transparency from the producer. Take care to let your target group know where your tropical wood comes from, in order to reassure them that it is sustainable and legally harvested.
- Sustainability labels and certification are gaining popularity among European consumers. Consider getting your products FSC or PEFC certified, especially when you are targeting the higher-end segments of the market for tropical timber and timber products.
- Contact the European Sustainable Tropical Timber Coalition (STTC) or the Sustainable Trade Initiative (IDH) for information on sustainability projects and corporate social responsibility (CSR) initiatives in your country.

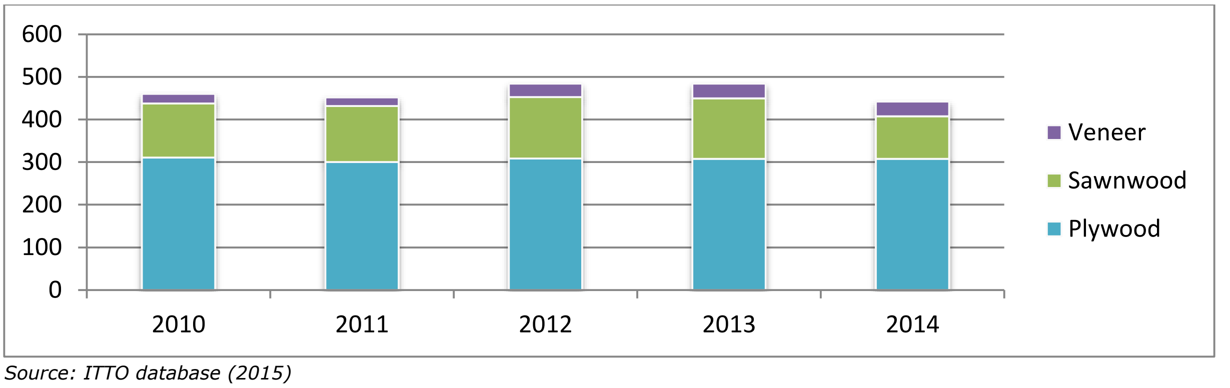
Production (processed tropical timber)

European processing of tropical timber and timber products declined in the period 2010 - 2014, but seems to be stabilising in 2015. France was the biggest European processor of tropical timber from 2010 to 2014, followed by Spain, Portugal, Greece, Belgium, Italy and Germany. Composites, laminates and wood polymer products are emerging as alternatives to natural timber.

This section provides information on the processing of tropical timber in the EU.
Figures are derived from the ITTO-UNCTAD database, which gives data on the annual consumption of timber products for each country separately.
N.B.: Please note that production statistics for many ITTO countries are incomplete or non-existent. Many processing countries are unable or unwilling to distinguish the processing of tropical timber from all timber processing. Hence, production figures should be viewed and interpreted with caution. Reliable production data are available for the following countries: France, Spain, Italy, Germany, Belgium, Bulgaria, Greece, Cyprus, Czech Republic, Denmark, the Netherlands, Poland, Portugal and Switzerland.

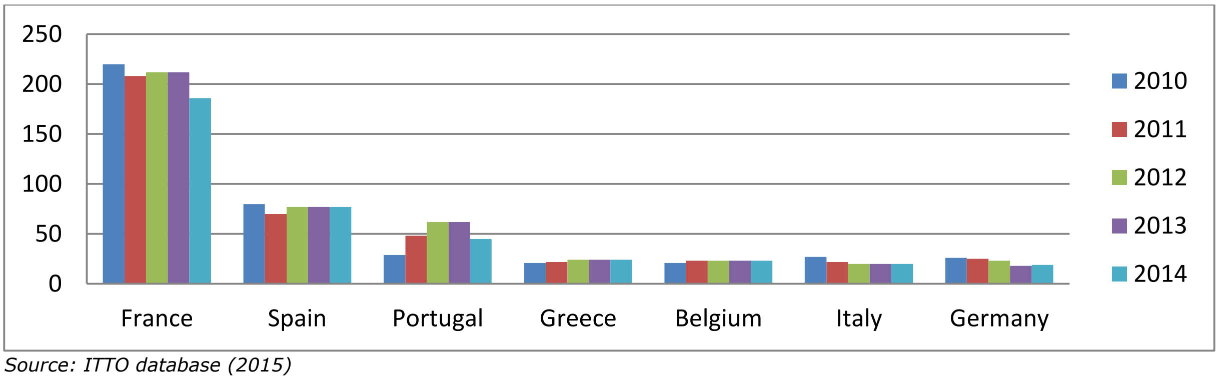
Although Europe does not grow tropical timber itself, it processes imported tropical timber into a wide variety of end-products including windows, floors, doors and furniture. The analysis given below refers to the processing of tropical timber within the borders of the EU.

Figure 11: Volume of tropical veneer, sawn wood and plywood produced in the EU, 2010-2014, in m3 x 1,000.



Source: ITTO database (2015)

Figure 12: Leading EU/EFTA producers of tropical timber, 2010-2014, in m3 x 1,000.



Source: ITTO database (2015)

Processing: outsourcing opportunities

- European processing of tropical timber and timber products declined in the period 2010 and 2014, to 442,000 m^3 in 2014. However, European processing seems to be stabilising now, though at much lower levels than in 2007 when the volume processed was 893,230 m^3 (ITTO, 2015).
- France was the biggest European processor of tropical timber from 2010 to 2014, followed by Spain, Portugal, Greece, Belgium, Italy and Germany. France accounts for almost half of the overall European processing of tropical timber and timber products.
- Thanks to the recovery of the European economy, the European construction market is expected to grow by 2.0% in 2016 (Euroconstruct, 2015).
- The volume of tropical plywood produced in the EU has been stable for the past few years. The volume of tropical sawn wood produced in Europe has fallen over the past few years to almost 100,000 m^3 in 2014. Tropical veneer is the smallest product group obtained by the European processing of tropical timber, but its share of the market has remained relatively stable in the period 2009 - 2014.

Tip:

- The drop in the processing of tropical timber in the EU creates opportunities for producers outside the EU. Outsourcing may create opportunities for DC processors. The FORDAQ website lists companies that are active in setting up timber processing plants in developing countries. Most EU importers are aware of, or see the need for, outsourcing and most are looking for their own channels for outsourcing, when required (Source: feedback from 17 importers during meetings and online questionnaire 2015).

Growth of innovative products

- Composites, laminates and wood polymers – made by injecting or extruding a mix of wood fibres or biomass with artificial polymers such as PVC – are emerging products. European production was 703,420 m^3 in 2012, a 9% share of the world market, and prospects are seen as encouraging. Many companies in Europe are working in this sector. In France, companies like Neolife and Silvadeck create composites for terraces and shelves; in Belgium, Beologic offers wood pellet polymers; in Germany, Megawood makes garden fences, while Staedtler now offers composite pencils alongside its wide range of conventional wood pencils (and many other products). Ikea of Sweden is producing composite chairs and armchairs, Lunacomp makes composite corrugated panels, and UPM-ForMi makes components for Puusteli kitchens.
- The main opportunities are for products that are lighter, durable, resistant to aging and moisture, and that can be made in many different shapes and for many different purposes, such as panels and decking. Some composites include recycled wood and timber materials and waste from plywood manufacturing and saw mill operation. Others are laminated mixed veneers, wood-based insulation wool, wood-fibre insulation boards, feed for bio refineries and bio plastics.
- Another emerging market in Europe is that for cross-laminated timber, which is finding innovative uses in the construction sector. Market data for this timber product are not yet available, however.
- These innovative products can be bad news for DC producers, as they tend to be made exclusively from European timber. However, innovation can lead to new markets, which may offer new opportunities for DC suppliers.

Tip:

- Emphasise the features of your product, together with the innovative advantages it offers. Take care to give a clear explanation of how these innovations work, for example through clearly written product descriptions.
- Remember that innovation will always be awarded and gives you a competitive edge!
- Most EU importers agree that innovation and re-thinking your product line will be key to retaining your place in the market. Think about how you can add value, where you can find gaps in the market, and ways of offering more attractive packaging and better service (Source: feedback from 17 importers during meetings and online questionnaire 2015).

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